

SENATE RECORD VOTE ANALYSIS

104th Congress
1st Session

Vote No. 357

August 3, 1995, 9:20 p.m.
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DEFENSE AUTHORIZATION/Defense Export Loan Guarantees

SUBJECT: National Defense Authorization Act for fiscal year 1996 . . . S. 1026. Bumpers amendment No. 2094.

ACTION: AMENDMENT REJECTED, 41-58

SYNOPSIS: As reported, S. 1026, the National Defense Authorization Act for fiscal year 1996, will authorize \$264.7 billion in total budget authority for the Department of Defense, national security programs of the Department of Energy, civil defense, and military construction accounts. This amount is \$7 billion more than requested (\$5.3 billion more for procurement and \$1.7 billion more for research and development), and is \$2.6 billion less than the amount approved in the House-passed bill.

The Bumpers amendment would strike the creation of a self-financing defense export loan guarantee program. That program will create a revolving fund to guarantee loans to 37 of our allies (North Atlantic Treaty Organization (NATO) countries, major non-NATO allies, the democratic states of Eastern Europe, and the member nations of Asia Pacific Economic Cooperation (APEC)) to buy defense articles from United States' businesses. The revolving fund will be financed through exposure fees charged to the recipients of the loan guarantees.

Those favoring the amendment contended:

The United States totally dominates the international arms market. Fully 53 percent of all sales are by United States firms. That dominance is partially maintained by 4 separate financing programs. This bill will add yet another means of financing. This new means is unneeded, and is so poorly structured that it may end up costing the United States' taxpayers billions of dollars.

We find it hard to understand how anyone can maintain that we need to create a new program to finance foreign military sales when 4 such programs already exist that can do the job. First, the Arms Export Control Act allows the President to guarantee military loans. Second, the U.S. Export-Import Bank can finance any sale of defense technology as long as it is nonlethal. Third, we have foreign military financing as part of our foreign aid bill. Fourth, we have a foreign military sales program.

We are not saying we need these programs. Frankly, we think a lot of these third world countries in which half the population

(See other side)

YEAS (41)			NAYS (58)			NOT VOTING (1)	
Republicans (6 or 11%)	Democrats (35 or 78%)		Republicans (48 or 89%)	Democrats (10 or 22%)		Republicans (0)	Democrats (1)
Domenici	Akaka	Johnston	Abraham	Inhofe	Breaux		Dorgan ²
Gramm	Baucus	Kennedy	Ashcroft	Jeffords	Dodd		
Grassley	Biden	Kerrey	Bennett	Kassebaum	Feinstein		
Hatfield	Bingaman	Kerry	Bond	Kempthorne	Graham		
Kyl	Boxer	Kohl	Brown	Lott	Heflin		
McCain	Bradley	Lautenberg	Burns	Lugar	Inouye		
	Bryan	Leahy	Campbell	Mack	Lieberman		
	Bumpers	Levin	Chafee	McConnell	Nunn		
	Byrd	Mikulski	Coats	Murkowski	Pell		
	Conrad	Moseley-Braun	Cochran	Nickles	Robb		
	Daschle	Moynihan	Cohen	Packwood			
	Exon	Murray	Coverdell	Pressler			
	Feingold	Pryor	Craig	Roth			
	Ford	Reid	D'Amato	Santorum			
	Glenn	Rockefeller	DeWine	Shelby			
	Harkin	Sarbanes	Dole	Simpson			
	Hollings	Simon	Faircloth	Smith			
		Wellstone	Frist	Snowe			
			Gorton	Specter			
			Grams	Stevens			
			Gregg	Thomas			
			Hatch	Thompson			
			Helms	Thurmond			
			Hutchison	Warner			

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

is starving should stop buying weapons from any source, and should instead concentrate on social services. Burundi, Chad, Djibouti, Mali, Niger, Nigeria, Namibia, Senegal, Zambia, Zimbabwe, Mexico, Chile, and similar countries do not need a new way of getting weapons cheaply from the United States. As a practical matter, the fact that the United States exports up to \$20 billion worth of weapons per year is not helpful to its security. Once arms are sent to a country, they often end up being re-sold to countries that are hostile to the United States. For example, 30 of the Stinger missiles which the United States provided to the Afghan resistance fighters are now in Iranian hands.

Our great fear is that this new program will be used to funnel weapons to countries that are poor credit risks, and when they default on their loans the United States taxpayers will be left holding the bag. Our colleagues speak of this program as being no-risk, but if it is, then why are guarantees needed? The way the program is structured, a country would even be allowed to finance the fee for the loan. For example, a country that could not come up with a \$500,000 fee for a \$10 million loan could get a loan that covers the fee as well. This arrangement is an invitation to disaster.

Our defense industry is doing well internationally. Its total share of the market has greatly increased since the collapse of the Soviet Union. This new financing provision is not needed, and is likely to leave the taxpayers responsible for paying off a lot of bad loans. We therefore urge our colleagues to accept the Bumpers amendment, which would strike this new defense export financing program.

Those opposing the amendment contended:

Our colleagues do not seem to be very concerned with the facts. First, they have falsely suggested that this new financing program will result in indiscriminate arms sales to third world countries. They even mentioned many countries by name. Remarkably, they were wrong about every single country they mentioned. For the edification of our colleagues, the countries that will be eligible are as follows: Albania; Australia; Belgium; Brunei; Bulgaria; Canada; Czech; Denmark; Egypt; France; Germany; Greece; Hong Kong; Hungary; Iceland; Indonesia; Israel; Italy; Japan; Luxembourg; Malaysia; Netherlands; New Zealand; Norway; Philippines; Poland; Portugal Romania; Singapore; Slovakia; Slovenia; South Korea; Spain; Taiwan; Thailand; Turkey; and Great Britain.

Second, they have suggested that weapons sales to friendly countries under this program will result in those weapons being resold and used against us. However, they neglect to mention that every country on the list fully meets U.S. export control and nonproliferation policies. Additionally, they do not mention that this new financing program will in no way alter existing laws on the export of sensitive defense technology.

The third charge our colleagues make is that the countries on the list are poor credit risks that will default on their loans. Here they ignore that every loan must be reviewed and approved by the Federal Government; there is no automatic qualification. Also, they ignore that the program will be self-financing out of a revolving fund paid for by loan fees. Companies will be required to pay fees and interest charges comparable to those that non-defense exporters are charged by the U.S. Export-Import Bank. Many of those Senators who are supporting the Bumpers amendment typically are strong supporters of the Export-Import Bank, but suddenly, when the same structure is proposed for the sale of defense items, they claim that it cannot possibly work.

The fourth charge of our colleagues is that our defense industry is healthy and therefore does not need this help. However, they ignore that defense downsizing is decimating defense manufacturers in the United States. The Office of Technology Assessment informs us that 20,000 jobs are being lost every month. This industry sounds like one which may benefit from new markets for its products. Further, the fact that the United States currently has a large share of the international arms market does not mean that it always will. We have watched U.S. dominance disappear in other markets as the Government stood idly by. Other countries like France and Great Britain have aggressive export promotion policies. They provide loan guarantees for domestic products, including arms. Oftentimes, the existence of these loan guarantees makes the difference for a purchaser. We know, for instance, that when the United States had a pilot loan guarantee program in 1990 a U.S. manufacturer was able to win a \$1 billion bid to sell helicopters to Turkey. Without that guarantee program, Turkey would have bought from the French or the Germans.

Many Senators seem simply to have an objection to the sale of arms. However, no matter how distressing it may be to our colleagues, the world is not about to disarm anytime soon. Given that fact, the United States and its allies should be armed to defend themselves. If we are going to be armed anyway, we want American companies to have a fair chance to produce and sell those arms to the United States and its allies. Currently, the international playing field for the sale of defense items is being tipped against U.S. companies by the aggressive loan guarantee programs of other countries. The new financing program authorized by this bill will end this inequity, at no cost to the United States. We strongly support this new program, and thus urge our colleagues to table the Bumpers amendment.